

## **Social Security   Privatization**

I am opposed to the privatization of Social Security system proposed by some members of the Republican Leadership because it would undermine the Social Security system on which so many Americans rely. Privatization would replace guaranteed benefits with benefits dependent on a worker's luck or skills in investing in a stock market which has had at least nine major downturns since 1956. It would also drive up administrative costs, which are now one percent, and could go as high as the system in Chile where private investment companies collect fees between 15 and 20 percent. For these reasons, I believe that any proposal to reform Social Security must be examined carefully to ensure that the solvency of the program is not undermined in any way and the benefits are not diminished.

### [Social Security Reform: Current Issues and Legislation](#)

## **Medicare & Prescription   Drugs**

As you may already know, the Medicare program is projected to run short of funds by the year 2015. I can assure you that I have been closely following the Medicare debate in Congress, and I will carefully examine any proposals that would make changes to the Medicare program. I am especially interested in protecting current benefits, providing greater coverage for prescription drugs, and reducing fraud in the system. I would also like to take steps to remedy the harsh effects that the Medicare cutbacks and changes in the payment system, which were included in the Balanced Budget Act of 1997, have had on the Medicare program and our nation's hospitals.

## **Nursing Home Safety**

In February 2003, an early morning fire at the Greenwood Health Center, a nursing home in Hartford, CT, claimed the lives of sixteen residents. A similar fire in Nashville, TN later that year killed fifteen residents. In both cases, these facilities lacked an automatic fire sprinkler system.

On December 8, 2005, I joined Representative Peter King (R-NY) in introducing the [Nursing Home Fire Safety Act](#) (HR 4491). The bill addresses the primary obstacle – the cost - to installing sprinklers by directing the Secretary of Health and Human Services to establish both a loan program and need-based grant program to aid nursing homes in tackling the high cost of installing sprinklers.

## Notch Baby Legislation

As you may already know, the “Notch Baby” situation is a result of the Social Security Amendments of 1977, which sought to correct a flaw in a 1972 law which attempted to increase Social Security benefits to keep pace with inflation. The 1972 law raised the eventual benefits of future retirees in addition to providing regular inflation adjustments to people already receiving benefits. These future retirees, however, would have already earned higher benefits as their wages would have been higher as a result of inflation, and this “dual indexing” threatened to bankrupt the Social Security system in four or five years. This problem was unforeseen by the drafters of the 1972 law since they did not anticipate the high inflation rates of the 1970s.

When Congress addressed this issue in 1977, they made the fix applicable to future retirees, since they did not want to cut the benefit rates for the retirees who were already receiving the unanticipated increases. The 1977 law resulted in immediate benefit disparities between the people first affected by it (those born after 1916), who have not been receiving the overly generous benefits that those born before 1917 have been receiving.

Congressman Ralph Hall of Texas has introduced the Notch Fairness Act of 2007 ([H.R. 368](#)). This bill would allow workers who turn 65 after 1981 and before 1992 to choose either a \$5,000 lump sum payment over four years or a more generous benefit computation over ten years. Currently, this bill has been referred to the House Ways and Means Subcommittee on Social Security, where it awaits further action.



Medicare, Medicaid, Social Security, and other important issues, including prescription drugs, and more. **Learn more**

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Find out how [seniors will benefit](#) from health care reform.